Here is an inquiry about the MacFadden National Bank Bill. I don't recall that I have seen that bill. I haven't seen it certainly this year. Perhaps it was brought specifically to my attention last year. I understand it is a bill to authorize branch banks. I rather think that something can be done in that direction. But it needs to be very carefully safeguarded, otherwise you will have just one great credit system built up here that will virtually control all the credits in the United States, and I wouldn't want to have that condition exist. We ought to have a reasonable competition in credits, and reasonable facilities for extending credits, so that borrowers can be accommodated. Oftentimes it happens that one kind of a bank is interested in doing one kind of business and another bank another kind of business. You will recall the names of banks that have been established in the past and there very names indicated that they were proposing to cater to a certain line of business - the Metals Bank, Commerce Bank and the Farmers' Bank, everything of that kind. A central bank, of course, with branches, tends to lend strength to the credit situation and provides opportunity to adjust resources, analogous to that which is done by the Federal Banking Board under the Reserve Act. But the main object to be attained here is to keep the avenues of credit open, so that no person can be denied credit in every quarter just because one quarter thinks it wouldn't want to extend credit to him.

Here is an inquiry about the estate taxes and the proposed abolition
in the Senate. I am very much in favor of the principle of taxing estates, or
inheritance taxes. I think it is on the whole a method of taxation that can be
as easily borne as almost any. Of course you have to realize that it is in its
essence a capital tax, and also that it ought not to be made too high; other-
wise, when a person dies leaving property rather than money or cash or securities
that are easily marketable, it is found that in order to pay a very high estate
tax it is necessary to sacrifice the property. Take the business that you are
interested in, that of a newspaper. Newspapers are not very easily sold. They
are coming to require more and more of an investment and if on the death of
the owner it developed that his newspaper property is going to be assessed with
a very large tax it might force a sale that would be really disastrous, so far
as sacrificing the value of the property. If a person died with an estate made
up entirely of Government bonds, why you can take a very large slice out of
they because they are easily marketable and there wouldn't be any difficulty
about it. Now, while I am very much in favor of estate taxes and inheritance
taxes in principle, I recognize that they haven't been used by the United
States except in the case of emergency, usually for raising money to meet war
expenditures. Our war is over, but our war debt isn't over, so that I have
thought it was wise to continue our estate taxes for a certain period in order
that they might contribute to the expenses of the Government and the retirement
of the war debt. Now, just how quick they can be abolished is a matter for the
expert advice and investigation to be made by the Treasury Department. I think
it was very much on that advice that the House bill was constructed. They made
their estimates. Now it may be that further information has developed to the Senate Committee that more could be done than the House bill provided, and more than the Treasury Department had thought wise. Now, I don't know whether I have finally answered this question. I have laid out my theory about it. I am in favor of abolishing this by the United States Government ultimately, in order that the states which have been burdened with increasing expenditures. They have gone on increasing as a result of general conditions that arose from the aftermath of the war, and the states are very much in need of all the revenue they can secure. I was very much impressed, of course, by the fact that a great many of the Governors came here, beginning along in the summer, to express to me their desire to have the National Government withdraw as soon as it could from this field, in order to leave the entire field for them in their raising of revenue. Now, I want the Government ultimately to withdraw. I don't understand that the Senate bill provides for an immediate withdrawal. They seem to consider it a practical question as to whether we can get along fairly well at a time, which now can be designated, without the use of this means for raising revenue.

I haven't received from the War Department Board of Review the case of Colonel William Mitchell yet.

So far as I have any information I had judged that neither I nor the Congress could do much in the way of legislation in relation to the mining of coal, pending the efforts that are being made by the State of Pennsylvania. As I have stated before, I don't want to have the National Government take any
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action that might embarrass the plans that are under way within that State. The digging of coal and bringing of it out of the ground is a matter that comes, if not entirely almost entirely and probably entirely, under the jurisdiction of the State laws. It isn't interstate commerce, as I understand the Supreme Court has held the mining of coal after it gets to the ground, the distributing of it, is interstate commerce. But the mining of it is performed under the jurisdiction of the state laws. The National Government has almost no power under our Constitution, to interfere with it. So that it is peculiarly the province of the Pennsylvania Government and I haven't wanted to take any action that might interfere with it. Now, I have some ideas about the general coal situation, the general carrying on of the coal business. I have spoken of hard coal, but of course the general coal business includes also the soft coal and I have made recommendations to the Congress about that. They have, or can easily have, access to the report that was made by the Fact Finding Commission, and in general I am in favor of proceeding along the lines laid down by that report. I have stated as definitely as I could my position in my message. There hasn't appeared to be anything that could be done by the National Government at the present time.

I haven't enough knowledge about the differences between the House bill and the Senate bill to give any discussion of that which would be of any value. All of you have more information about that then I have. I have seen some newspaper reports. The main thing about the Senate bill is the fact that it carries a considerable larger reduction than the House bill. I think in my budget message
or my general message to the Congress I stated that if that matter had been left to me I shouldn't have made the reductions quite so heavy, as I think we ought to observe a fair amount of caution and keep the Treasury in a position where it can respond to the needs of the nation. The Senate bill carries about $30,000,000 more than the House bill. The House carried about $30,000,000 more than the estimated surplus of revenue. (?) Now, if business keeps good and profits are large, so that the income taxes by that reason keep up, then we can undoubtedly get along some way. But if we should have a depression in business and the income of the people should diminish, then of course that affects the revenue. Those are questions of estimation to be made by the Treasury Department. Undoubtedly the bill in its final shape will take into consideration all the Treasury Department estimates, and I have no doubt that they will fairly well conform to what they want. I appreciate it won't be possible to get a bill that would be just what I should draw, or just what the House Committee would draw, or the Senate Committee would draw. There has to be some give and take in these things. I was delighted that the Senate Committee was practically unanimous and at the very fine disposition shown on the part of all the members of the Committee who took this up as a purely business question and settled it on its merits.

Senator Couzens came in this morning, partly as I understand it to pay his respects and incidentally he mentioned the matter of branch banking. I understood he was quite in favor of that.

Here is a question about the responsibility of Commissions to the
Executive or the Congress. I don't think that there would be an exact and legal statement about the position of any commission. The responsibility of a Commission is to the law that creates it and lays down its duties and powers. I don't think it would be possible to set up a Commission - I am quite certain that none are set up where it could be said they are solely responsible to Congress. Congress doesn't undertake to tell Commissions what they are to do. It lays out their powers and duties, and it is the business of the Commission to conform to the statute which creates it. We have some commissions that have legislative functions. The Interstate Commerce Commission, for instance. The power of dealing with rates on railroads is a legislative function. But it has become so intricate and technical that Congress can't sit as a body to determine rates, so they have had to delegate that power to the Interstate Commerce Commission. The Commission might be peculiarly representative, if you want to use that word, of the Executive Department. Of course the Cabinet positions and Bureaus will come under that designation. But of course there is a provision in the Constitution that makes the President the executive. I have forgotten just the wording of it. That is the theory. Now, that means that the President is the one that is responsible for the execution of the law, and it is his business to do what he can to see that that provision of the Constitution is carried out. The Commission is set up - they are set up under the law. I suppose it is the business of the Executive to see that that law is executed as much as any other law. So there is a kind of divided responsibility, if I may so state it.
I wouldn’t say that I gave special consideration to the recommendation that the Air Service be given representation on the General Staff, which is one of the recommendations of the Aircraft Board. I did know, of course, that that recommendation was in there. It is approved by such experts as General Harbord and Admiral Fletcher. The organization of the Army and Navy is quite peculiarly a matter for experts. Because some one may know all about making airplanes, or all about flying them, isn’t much of an indication that that person might be an expert at all on a military organization. I do consider General Harbord and Admiral Fletcher experts in that direction. It was their opinion that this ought to be done, and until the contrary is shown to me why their opinion has my hearty approval. I understand that it is contemplated by the Army and the Navy that they are going to support that recommendation. I expect that an assignment of that kind will be provided for by law and made. I presume that I have had recommendations come in for positions of Assistant Secretaries in War, Navy and Commerce. It almost always occurs that whenever legislative positions are in contemplation there begins to be recommendations for possible appointments. I haven’t any special names in mind.